



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
28 October 2009**

**CROWN LIMITED  
2009 ANNUAL GENERAL MEETING  
CHAIRMAN'S ADDRESS  
JAMES PACKER**

**INTRODUCTION**

Today, I would like to give you an overview of our performance over the last year and make some observations on our businesses.

**2009 RESULTS, DIVIDEND POLICY, SHARE PRICE PERFORMANCE AND GEARING LEVEL**

Crown reported its full year results on 27 August 2009. Our full year normalised net profit after tax was \$280.7 million, and we announced a final dividend of 19 cents per share, franked to 60%, for a total full year dividend of 37 cents per share. Going forward, it will be our policy to pay the higher of 37 cents per share and 65% of normalised net profit after tax as a full year dividend, subject to the company's financial position. We expect that the dividend will trend to this 65% pay-out ratio over time.

During the last year we have all witnessed an extraordinary shock to the world's key financial markets, resulting in recessions in North America and Europe of a magnitude not seen since the great depression last century. These recessions have severely impacted trading conditions in the casino industry in these regions, and we consider it likely that the industry will be affected for some time.

Against this backdrop, and in accordance with Australian Accounting Standards, your Board of Directors wrote down the carrying value of Crown's international investments – predominantly the ones located in North America. The North American casino industry environment has changed markedly since 2007 when we either made, or agreed to make, the acquisition of those investments. Hindsight can be unforgiving, and it is clear that our acquisitions were ill timed.

However, despite these significant write-downs, Crown has one of the strongest balance sheets of any gaming company in the world and is well-positioned for the future.

This slide details the gearing levels of most of the major global gaming operators as at 30 June 2009. Each bar shows the ratio of operator's net debt to EBITDA. On the left hand side we have American operators such as Las Vegas Sands, MGM Mirage, Harrah's and Boyd with very high gearing levels. On the far right, and in stark contrast, Crown has a conservative gearing level of less than one.

Despite the write-downs, we have finished the year with a very strong balance sheet.

Our share price performance over the last twelve months has also been relatively solid - as you can see from the slide - with Crown's share price up 38% from \$6.30 to \$8.69 for the year ending 21 October 2009. The S&P/ASX200 index was up 28% over that same period.

**TOTAL SHAREHOLDER RETURN**

A review of Crown's share price performance leads me to the topic of shareholder returns.

As you are all aware, Crown has made significant write-downs to some of our overseas investments. However, over the past few years, Crown's predecessor company, PBL, sold media assets at the top of the cycle for a total consideration of over five billion dollars, and returned more than two billion dollars to shareholders. Crown Melbourne and Burswood have also continued to perform strongly over this period.

A way to assess Crown's performance is to calculate the total shareholder returns received by shareholders over a time period, as measured against the total return to shareholders of other peer companies over the same period. It's important to this analysis to recall that prior to financial year 2008 the Crown gaming assets were held in PBL, which also held media assets. The gaming and media interests were separated in financial year 2008 to be held in two listed vehicles, Crown and CMH.

By total shareholder return, I mean the difference between the total value of one share in PBL, which in late December 2005 was \$16.61, and the current total value attributable to the equivalent of that one share.

The current total value for this exercise, is calculated by adding together (i) the share prices of each of Crown and CMH as at 21 October 2009, (ii) the \$3.00 cash received by shareholders on the de-merger, (iii) dividends of \$2.19 received over the period and (iv) 38 cents representing a notional amount, assuming that shareholders invested distributions and dividends received on deposit at the cash rate. When you add all those components together, the total shareholder value as of Wednesday last week of the equivalent PBL share that existed in December 2005 was \$17.29. The total shareholder return is approximately 4.1% over the period from the end of December 2005 to last Wednesday.

This is far from a stellar result, but equally it is far from disastrous when one considers what we have all been through with the G.F.C.

Now I want to compare that shareholder return against shareholder returns of peers in the gaming and media sectors over the same period.

This slide summarises an analysis of the total returns to shareholders of the key competitors of Crown and CMH in the gaming and media sectors over the period from December 2005 to 21 October 2009. The listed companies analysed were Seven, Ten, Fairfax, Western Australian News and News Corporation in the media sector, and Tabcorp, Wynn, MGM and Las Vegas Sands in the gaming sector. With the exception of Western Australian News in media, and Wynn in gaming, our positive total return at 4.1% has out-performed all other key competitors over the period, and, in most cases, by a considerable margin.

When you calculate the average of the returns for all of the companies I have mentioned and listed on the slide, from December 2005 to last Wednesday, we have out-performed the average return in that gaming sector by 33.2%, and have out-performed the average return in that media sector by 20.3%.

I think that this analysis illustrates that Crown shareholders have fared better than many over the last few years when measured against peer averages.

## **DOMESTIC CASINO BUSINESSES**

Crown's Australian casinos have also come in for criticism recently from certain media outlets, anti-gambling campaigners and other observers. We think a lot of that negative publicity is unfair and unjustified. Crown conducts licensed casino gaming under strict government scrutiny. We believe that we do it pretty well, and our results here in Australia bear that out. Both Australian and international regulators continue to find us suitable to conduct gaming operations, and have stated that we conduct world-class operations. Our Australian casinos have paid literally billions of dollars in gaming and other taxes to governments. I thought I would take a little bit of time today to bring some balance to that negative publicity and talk a bit about the positive contributions Crown's domestic businesses make to tourism, and the economies and communities in which the casino properties are located.

Crown Melbourne and Burswood have been exemplary performers over the years, and last year was no exception.

PBL purchased Crown Melbourne at the end of financial year 1999. I draw your attention to the next slide. The bars on the chart represent full year normalised EBITDA which has grown 134% over the ten year period 1999 to 2009

PBL purchased Burswood in 2004. You can see from a comparison of full year results for the financial years 2004 through to 2009, that normalised EBITDA has grown 124% over the last five years.

It is a testament to the high levels of dedication and customer service provided by the employees at both properties that we have been able to produce such strong and consistent growth for these businesses over the years.

Crown Melbourne and Burswood have done more than consistently produce good returns for shareholders over the years. They are destination venues and, as such, generate tourism, offer extensive non-gaming facilities, create significant tax income for various levels of Government, create a range of direct and indirect local jobs and contribute to urban infrastructure development.

We are proud of these businesses, and of their contributions to the national, Victorian and Western Australian economies and communities, and I think it worthwhile to highlight some of these contributions:

Crown Melbourne and Burswood are national tourism assets. Integrated casino complexes or resorts are globally recognised as being critical to national tourism infrastructure. Let me illustrate the point by using Singapore as an example. In 2004 the Singapore government announced its decision to put out to tender the construction and operation of two large multi-billion dollar integrated casino resorts on the island state. The driver behind this decision was to dramatically boost tourism to Singapore. The Tourism Ministry ran the tender process and awarded the two licenses to each of Las Vegas Sands and the Genting group. The tender required that the licensees of these integrated resorts provide significant non-gaming attractions at the integrated resorts. Both integrated resorts will be open in the next calendar year.

In 2005 the Prime Minister of Singapore recognised the importance of the integrated casino resorts to Singapore's tourism agenda when he stated on 18 April, 2005 at Parliament House that the integrated casino resorts:

"...will make Singapore a centre for tourism, business and conventions and attract hundreds of thousands more tourists each year. There will be spin offs to the rest of the economy."

He went on to say that Singapore's integrated casino resorts:

"... will have all kinds of amenities – hotels, restaurants, shopping, convention space, even theatres, museums and theme parks. They attract hundreds of thousands of visitors per year. The great majority will not be there to gamble. They may be tourists, executives or businessmen, who go to enjoy the resort, or attend conventions or conferences. But within this large development and slew of activities, there is one small but essential part which offers gaming and which helps make the entire project financially viable. As a result, there is no need for government grants or subsidies for the IR. The investors will put in the money, and take the commercial risk."

The governments of many other Asian countries such as Japan, the Philippines, Vietnam and Macau have also recognised the significance of integrated casino complexes or resorts to the national tourism infrastructure and have approved, or are discussing the framework to approve, such complexes. In many cases, these countries see integrated casino resorts as the single most important tourism driver for their country. Whether our detractors like this fact or not, it is the reality.

Quite obviously Australia needs world-class casino complexes to stay competitive with its Asian neighbours and attract international tourists to Australia.

This next slide, sourced from Tourism Research Australia, a business unit of Tourism Australia, illustrates this point. It is from a 2008 study and highlights the propensity of Asian tourists to visit casino properties in Australia. We expect Asian countries to be high growth tourism markets for Australia over the next decade, and the slide shows the importance that Asian tourists attach to a visit to an integrated casino resort. Tourism Research Australia estimates that the expenditure of international tourists who visited a casino – not just our casinos, but any casino – was 30% of the total expenditure of all international tourists.

Crown Melbourne and Burswood are integrated resorts in exactly the same way as the integrated resorts being constructed in Singapore, and those being planned in other Asian countries, to form an important part of the tourism industries in those countries. Crown Melbourne and Burswood are very important tourism drivers in Australia, and have been for many years.

In fact, in my view, Crown Melbourne and Burswood are the only two truly world-class casino resorts in Australia.

Crown's properties are considered amongst the most successful in the world at attracting international VIPs. We have established an overseas sales network across seven countries to assist to promote Crown Melbourne and Burswood.

Crown Limited generates about three-quarters of all international VIP program play turnover in Australia. Last financial year, Crown's gaming revenue alone from international program players was over \$470 million

across both properties. This is effectively export revenue for Australia. At this level of revenue, I believe that our company generates more international tourism revenue than any other Australian company, with the exception of Qantas.

This reinforces my previous remarks about the important contribution our two properties make to the business of international tourism in this country, and also illustrates how Crown Melbourne and Burswood are fundamentally different to pubs and clubs which rely predominately on local gaming machine revenue.

To reinforce this point and give it context, Crown Limited has approximately 2% of Australia's gaming machines, yet we generate approximately 75% of the VIP gaming revenue generated by international tourism to Australia.

This next chart illustrates the strong growth in Crown's international program play turnover which is up 63% over the last five years. We are particularly pleased with Burswood's results in this area, where turnover has tripled since PBL acquired the property in 2004. This VIP program play turnover growth was achieved despite the emergence of Macau as a gaming global hub; which, by the way, is now bigger than Las Vegas - and despite the global economic headwinds of the last year.

Moreover, Crown Melbourne and Burswood are destination venues that involve pre-meditated decisions by customers to travel a considerable distance to participate in our gaming or non-gaming activities. As such, they are very different to suburban gaming operations located in hotels and clubs, which are essentially convenience gaming venues.

As integrated casino complexes, Crown Melbourne and Burswood offer a wide range of non-gaming offerings such as accommodation, fine dining, entertainment, banqueting and conference facilities. Crown invests heavily in these non-gaming offerings to maintain them at a world-class standard – we have spent approximately \$770 million over the last seven years on non-gaming improvements at our two properties. That expenditure represents about two-thirds of total capital expenditure on the two properties, and illustrates the focus we place on our non-gaming facilities.

Crown Melbourne receives over 16 million visits each year and Burswood over seven million visits, with almost half of these visitors participating in activities other than gaming.

I would like to talk now about the issue of Social Responsibility.

Crown is recognised worldwide for its high standards of regulatory integrity. In the report issued by the Victorian Commission for Gambling Regulation following its Fourth Review of Crown Melbourne's casino licence, the Commission said that:

“...Crown Melbourne's responsible gambling program is among the best in the world...”

Crown has taken a leadership approach to the implementation of social safeguards and has been a pioneer in the implementation of various responsible gaming and other programs. Both Crown Melbourne and Burswood spend significant resources on promoting responsible gaming and providing assistance to patrons who are having difficulty with their gaming. Both properties provide training to all staff involved in the gaming part of the operation to be able to recognise signs that a patron might be experiencing difficulty and to be able to know where to direct a patron so that they can obtain appropriate assistance. Both properties operate self-exclusion programs which are recognised as being world class.

Crown Melbourne has implemented two world-first responsible gambling initiatives. The first is the establishment of Crown Melbourne's on-site Responsible Gaming Customer Support Centre. The Centre is staffed by qualified professionals and is supported by dedicated on floor staff. Burswood now has a similar Customer Support Centre. The second initiative is the introduction of Crown Melbourne's Play Safe program which allows Crown Club members to set their own time and expenditure limits on their gaming machine play using a player card. No one else in Australia has introduced a pre commitment scheme across their gaming machine operation. In fact, the rest of the industry is still debating whether a pre-commitment system should be adopted in the years to come.

Crown's Australian casinos have also implemented a rigorous anti-money laundering program. This includes sophisticated systems and dedicated resources for monitoring unusual or suspicious transactions. Those transactions are reported to relevant regulatory and law enforcement agencies. Crown Melbourne and Burswood surveillance and security staff work closely with local and federal law enforcement agencies to assist them in detecting and dealing with unlawful activity. Much of this work is not able to be publicised for confidentiality reasons.

Importantly, the Board and I also recognise that in addition to our social responsibility in the area of responsible gaming, it would be short-sighted from a business perspective to be trying to generate extra revenues from those members of society who may have gambling problems and can least afford it. The community is rightly concerned in relation to this issue. We believe that we are leading the way in addressing these concerns with our Customer Support Centre and Play Safe responsible gambling initiatives.

Can we do better? Can we improve our responsible gaming and compliance systems? Of course we can. We are, in fact, doing better each year. We are continually attempting to improve what are already recognised as world-best systems. Crown's detractors highlight a handful of cases among our millions of visitors where people have managed to defraud their own employers, clients and families by stealing money and have then spent that money in Crown's casinos. We try and learn from those few instances where a person slips through our programs and systems and we look to improve those systems.

In regards to Employment:

Crown Melbourne and Burswood are also major employers. Together they directly employ over 10,000 people and are the largest single site private sector employers in both Victoria and Western Australia. The gender mix is approximately 43% female and 57% male. Crown is a major employer of youth, with 42% of our employees aged 28 or under. Over the last five years, Crown Melbourne has expanded its workforce by 18% and Burswood by 56%.

Crown Melbourne and Burswood are government-recognised Registered Training Organisations and, through Crown College and The Academy at Burswood, offer a range of hospitality training to all levels of employees. There are over 1,000 employees at the properties currently undertaking traineeships in various business areas such as table games, food and beverage, hotels, security and laundry. More than 370,000 hours of job training is provided annually at the two properties.

In regards to Financial Contributions to Government:

Crown Melbourne and Burswood are also significant financial contributors to Federal, State and local governments and authorities. From inception, Crown Melbourne has paid approximately \$4.0 billion, and Burswood approximately \$1.5 billion, in taxes, levies and other payments to these recipients, including approximately \$477 million in the last financial year.

I would like now to talk about Community Partnership:

Crown Melbourne and Burswood are proud supporters of the Melbourne and Perth communities and are an integral part of the social fabric of those cities. In addition to paying substantial gaming-related taxes to local governments, Crown makes numerous contributions to local councils and public projects and programs, including infrastructure contributions and community benefit levies totalling tens of millions of dollars. These funds have been utilised for various purposes, including projects such as community sporting, cultural, artistic and entertainment facilities.

Crown Melbourne and Burswood provide assistance to Victorian and Western Australian communities through financial support of, and partnering with, non-profit and community organisations. Some of these organisations are detailed on the slide. There are many more we could not fit on the slide.

Finally I would like to point out the contribution Crown has made to infrastructure in Melbourne and Perth.

Crown Melbourne opened at Southbank in 1997 at a total project cost of more than \$1.9 billion. Over \$1.1 billion has been spent since opening to maintain the complex at a world-class standard; including the construction of our second hotel, Crown Promenade, and our third hotel, Crown Metropol, which will be finished next April. Crown Melbourne has extended its conference centre facilities and developed new and improved restaurant offerings such as Rockpool, Nobu, Bistro Guillaume and Giuseppe Arnaldo & Sons.

In Perth, Crown has spent over \$250 million on the Burswood Entertainment Complex since 2004, including significant investment in new food and beverage facilities and conference facilities.

Crown Melbourne has been a major catalyst for the urban regeneration of part of Melbourne – the area now known as Southbank. This slide shows the south bank of Melbourne's Yarra River before the development of Crown in 1993. The Crown site was a former rail yard adjacent to Melbourne's central business district. The land around the site consisted mainly of abandoned factories and warehouses.

This is the same area, Southbank, after development of Crown Melbourne. The Crown Entertainment Complex stretches over two city blocks on almost 25 acres. The Crown development has transformed the precinct and has been a key driver of further investment in the area. Since Crown's development, there has been several billion dollars in private sector investment in the surrounding areas, matched by an equal or greater investment by government on other infrastructure spending.

## **MACAU**

Before I finish up and hand over to Rowen I would like to say something about our other significant casino investment which is in Macau, through our shareholding in Melco Crown Entertainment. Over the last few years Melco Crown Entertainment has established two casino complexes, with its flagship property, City of Dreams, opening in June, 2009. City of Dreams is a truly spectacular property. Macau visitor numbers and gaming revenue over the 2009 financial year have clearly been affected by the global financial crisis. However, the business climate in Macau has improved markedly over the last few months. As you may have read yourself in various press coverage, visitor numbers during the last three months have been stronger than during the same period last year and total gross gaming revenue received by all of the Macau casinos during the same period is on the rise.

Your Board of Directors sees significant long-term potential in this jurisdiction given its exposure to the key market of mainland China.

It is worthwhile remembering that as of today Crown's shareholding in Melco Crown is showing a significant unrealised gain.

## **CONCLUSION**

In conclusion, Crown is weathering the unprecedented global financial storm and is well placed for the future with a strong balance sheet, two high-performing Australian casinos and an exciting investment in Macau.

We are a casino company and we think we run casinos well. Next time you read an unbalanced story about your casinos and their impact on the community, stop and think about the other side of the story. The one that rarely gets reported. That is, of the contribution Crown makes to tourism, to employment, to training, to urban development, to community partnerships and to government revenues. Contributions that make us fundamentally different to many pubs and clubs.

Crown's focus in the coming year will be on continuing to maximise growth at Crown Melbourne and Burswood, including the substantial capital expenditure programs at both properties. We will continue to work with our JV partners to optimise the value of Crown's Macau business and our other international investments.

I would like to thank my fellow Board members for their collective efforts during the year and, on behalf of the Board, thank all Crown employees and management for their dedication and efforts throughout a challenging year.

I would now like to invite Rowen Craigie to provide you with further details on our performance during financial year 2009 and an update on trading for the beginning of this current financial year.

Thank you.

## **ENDS**

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## **COPIES OF RELEASES**

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at [www.crownlimited.com](http://www.crownlimited.com).